telephone set **10** using a system identification algorithm based on an echo cancellation technique known in the art.

IN THE CLAIMS:

Please cancel Claims 39, 42, 43, and 45 without prejudice or disclaimer of the subject matter recited therein.

Please amend claims 24, 25, 26, 34, 41, 44, 46 and 47 without prejudice or disclaimer of the subject matter recited therein by replacing them with the following Rewritten Claims. A copy of the Marked-up Claims is attached for the Examiner's convenience.

Rewritten Claims

24.   (Once Amended) An auction system for use over a communication network comprising:

an auctioneer voice transmitter for entering auctioneer voice messages from an auctioneer;

a plurality of bidder voice terminals each for entering voice bidder messages from a bidder respective thereto;

a connecting means interconnecting said transmitter and said terminals to provide voice bidder messages from other bidders to each of said plurality of bidder voice terminals;

a processing means attached to said connecting means, for converting said voice bidder messages into a bidder data signals, each of said bidder data signals containing a bidder identifier and bid information; and,

an output means connected to said processing means for presenting said bidder data signals containing said bidder identifier and said bid information to said auctioneer.

25. (Once Amended) The auction system according to claim 24, wherein said processing means further comprises a message selector for determining whether said voice bidder messages are active bidder messages or inactive bid messages such that only said active bidder messages are converted into bidder data signals to be presented at said output device.

26. (Once Amended) The auction system according to claim 24 wherein said bidder voice terminals are

attached, via said connection means, to said message selector such that only said active bidder messages are converted into bidder data signals to be presented at said bidder voice terminals.

34. (Once Amended) An auction system for use over a communication network comprising:

an auctioneer voice transmitter for entering auctioneer voice messages from an auctioneer;

a plurality of bidder voice terminals each for entering voice bidder messages from a bidder respective thereto, each of said bidder voice terminals also for presenting voice bidder messages from other bidders and said auctioneer voice messages;

a connecting means interconnecting said transmitter and said terminals;

a processing means attached to said connecting means for converting said voice bidder messages into a bidder data signal, said processing means including a message selector for determining whether said voice bidder messages are active bidder messages or inactive bidder messages;

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a time compensation means attached to said
connecting means for determining propagation delays of
signals within said network and utilizing said propagation
delays for ordering said active bidder messages according
to a real-time order in which said bidder messages were
entered;

background noise reducing means for reducing
background noise originating at at least one of said
auctioneer voice transmitter and said plurality of bidder
voice terminals; and,

an output means connected to said processing
means and said time compensation means for presenting, in
order, said active bidder data signals to said auctioneer.

41.   (Once Amended) A processing means for use in
an auction system for use over a communication network,
said auction system having an auctioneer voice transmitter
for entering auctioneer voice messages from an auctioneer;
a plurality of bidder voice terminals each for entering
voice bidder messages from a bidder respective thereto,
each of said bidder voice terminals also for presenting
voice bidder messages from other bidders and said
auctioneer voice messages; a connecting means

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interconnecting said transmitter and said terminals, said

processing means comprising:

recognizing means for converting said and voice

bidder messages into a bidder data signal; and,

a message selector for determining whether said

voice bidder messages are active bidder messages or

inactive bidder messages such that only said active bidder

messages are presented at an output means and at said

bidder voice terminals said inactive bidder messages are

returned to an originating bidder voice terminal

accompanied by a message that said bidder message was

determined to be inactive.

44.   (Once Amended) A method of conducting an

auction over a network comprising the steps of:

receiving, from an auctioneer, an auctioneer

voice message at an auctioneer voice terminal connected to

said network;

presenting said auctioneer voice message at a

plurality of bidder voice terminal connected to said

network;

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receiving a voice bidder message from a bidder,

said bidder voice message being responsive to said

auctioneer voice message, said voice bidder message

received at one of said bidder voice terminals respective

to said bidder;

presenting said received voice bidder message at

a remainder of said bidder voice terminals;

converting said voice bidder message into a

bidder data signal;

determining whether said voice bidder message is

active or inactive and presenting active bidder data signal

to said auctioneer at an output means if said voice bidder

message was active; and

repeating the foregoing steps until said

auctioneer closes bidding.

46.   (Once Amended) The method according to claim

44 further comprising the step of only presenting said

voice bidder message at said remainder of said bidder voice

terminals if said voice bidder message was active.